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THE FIRST BIENNIAL
REPORT OF THE STATE PURCHASING AGENT
OF THE STATE OF MONTANA
TO
THE GOVERNOR



HELENA, MONTANA

NOVEMBER, 1930

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The Capitol, Helena, Montana,
November 15, 1930.

Honorable J. E. Erickson,
Governor of the State of Montana,
Building.

Dear Sir:

I have the honor to present herewith the First Biennial Report of the State Purchasing Agent for the period ending June 30th, 1930.

Very truly yours,

J. E. MURPHY,
State Purchasing Agent.



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HISTORY OF DEPARTMENT

The State Purchasing Department was created by Chapter 197 of the 1921 Session Laws and commenced to function on April 1st, 1921. Chapter 66 of the 1923 Session Laws was enacted to further define the duties and power of the State Purchasing Agent. Mr. J. E. Wood was appointed State Purchasing Agent by Ex-Governor Dixon and served from April 1st, 1921 until April 1st, 1925, at which time I assumed office.

In addition to the above laws, the State Purchasing Agent is governed by Section 256 of the Revised Codes of 1921, relating to the approval of contracts, and by Chapter 17 of the 1925 Session Laws, which pertains to the purchase of equipment.

DUTIES OF STATE PURCHASING AGENT

Section 5, Chapter 66, Laws of 1923, provides that the State Purchasing Agent shall have exclusive power, subject to the consent and approval of the Governor, to let to the lowest bidders and enter into contracts with the lowest bidders, for the furnishing of all supplies, stationery, paper, fuel, water, lights and other articles required by the Legislative Assembly and all other offices, departments, boards, commissions and institutions of the State. Prior to September 10, 1927, our department was required to purchase supplies for all institutions, departments, boards and commissions, but on that date we received an opinion from the Attorney General to the effect that the Purchasing Agent had no jurisdiction over the purchases for the State Fish and Game Commission. You will note from table on Page 7 that purchases for this commission ceased on September 10, 1927.

Section 4, Chapter 66, Laws of 1923, provides that the State Purchasing Agent shall have exclusive power, subject to the consent and approval of the Governor, to sell, or otherwise dispose of, or to authorize the sale or other disposition of, all materials and supplies, service, equipment, or other personal property of every kind now owned by the State of Montana, but not needed or used by any department of the State government; and to sell all articles, produce or crops produced, manufactured, made or grown in any State institution and to collect the money for same. Due to our limited force it is impossible for us to handle all of the sales without detailing officers or employes at the institutions to handle these for us. We require that each institution and department furnish us with a monthly list of the sales, showing description of article sold, price obtained, name and address of party to whom sold, but we have considerable trouble in keeping up the reports of sales due to the carelessness of some of those at the institutions. I would recommend that the head of each institution or department who makes sales of property be required to furnish a bond. This for the reason that we have known of some State property to be sold without a report of same having been made.

Section 1, Chapter 66 of 1923 Laws, requires that all persons in charge of any State property, must upon request of the State Purchasing Agent, furnish him with a sworn statement of all personal property in his possession

or under his charge belonging to the State of Montana, together with an estimate of the value thereof. Section 2 requires that from the report so made to the State Purchasing Agent, he must on or before June 30th, 1923, prepare a complete inventory for each State department, office, board, commission or institution, of all personal property belonging to the State of Montana. We request each institution and department to file once a year a statement of all lands, buildings, equipment, property and supplies owned by the State of Montana and in their care as of June 30th. Some of the institutions and departments are very slow in making up their inventories, and while we should have these inventories in our hands by September 1st, so we can furnish the State Accountant and others with a summary of same, it usually is the middle of November before we are able to get inventories from all of the institutions and departments. As we do not have sufficient force in this office to take inventories for others and keep them up properly, I believe it would be advisable to have all inventories taken by a department organized for this purpose instead of the system now in force. I do not see any particular value of the inventories as they now are taken, and they are costing the State considerable money.

Section 7, Chapter 66, Laws of 1923, requires that the State Purchasing Agent shall make examination of the supplies on hand at institutions at the beginning of each quarter. I consider this a very important part of my duties, and it is sometimes necessary that I visit the institutions at more frequent intervals than required by the law. This causes me to be absent from the office a great deal, and it is essential that I have a competent and trustworthy assistant who can take charge of the office, make award of bids and affix my signature to the many purchase orders which must of necessity be issued during my absence.

Section 5, Chapter 197, Laws of 1921, provides that all valid claims on account of contracts and purchases negotiated by the State Purchasing Agent shall be audited and paid from the sums severally set aside upon the sworn statement of the executive officer of the department, board, commission or institution. We issue approximately 13,000 purchase orders per year and for each purchase order there is at least one claim. Many of the purchase orders require several claims inasmuch as they call for delivery over lengthy periods. Claims are required in duplicate, one copy of the claim being retained in the office of the Purchasing Agent. To insure proper invoicing, it is necessary that each claim be carefully compared with the order issued. The claims, if found correct, are approved by this department and passed to the Board of Examiners. Claims are so numerous that it requires more than the entire time of one clerk to accomplish the proper approval by this department.

VOLUME OF PURCHASES

Below is shown a summary of the purchases made by this department during the past five years, from which it will be noted that the total volume of purchases has increased from approximately \$1,000,000.00 to nearly \$2,000,000.00 per year.

SUMMARY OF PURCHASES MADE

INSTITUTIONAL	1925-1926	1926-1927	1927-1928	1928-1929	1929-1930
Books and Binding	\$ 21,611.18	\$ 23,426.18	\$ 25,761.79	\$ 31,625.39	\$ 23,854.01
Coal	127,009.45	125,623.83	131,863.29	135,436.09	121,393.33
Drugs, Chemicals and Laboratory Supplies..	22,363.90	32,378.84	18,516.94	25,731.53	31,016.77
Dry Goods, Clothing and Shoes	41,176.19	54,185.50	42,773.84	72,902.69	71,642.80
Foodstuffs	265,457.04	234,010.44	219,429.50	235,340.56	257,322.14
H'dware and Plumbing	46,231.95	51,954.83	41,255.42	45,840.90	52,275.60
Lumber and Building Material	108,576.21	46,894.62	16,846.32	25,584.44	34,876.81
Machinery and Equipment	99,006.23	136,877.65	102,006.66	122,423.45	128,537.56
Stationery, Office Supplies and Printing	30,573.84	39,846.39	39,417.29	38,983.17	45,305.75
Stock Feed	44,981.01	52,474.04	54,736.49	58,505.70	73,145.00
All Other	93,448.36	107,932.70	167,973.72	176,474.18	167,058.27
Institutional Total ...	\$ 900,435.36	\$ 905,605.02	\$ 860,581.26	\$ 968,848.10	\$ 1,006,428.04
DEPARTMENTAL					
Highway Commission ..	13,140.22	207,930.06	308,770.46	421,676.30	736,988.56
Fish and Game	26,774.22	33,522.92	9,081.92
Other Departments	134,176.75	169,611.02	166,687.62	218,711.50	186,050.97
Departmental Total ...	\$ 174,091.29	\$ 411,064.00	\$ 484,540.00	\$ 640,387.80	\$ 923,038.53
GRAND TOTAL	\$1,074,526.65	\$1,316,669.02	\$1,345,121.26	\$1,609,235.90	\$1,929,466.57

PURCHASES COMPARED TO EXPENSE

The following table indicates the number of requisitions received, the number of purchase orders issued, total amount of purchases, the expense of this department, etc. It is indicated the cost of this department is slightly over 1 cent per purchase dollar. As some have questioned the advisability of a centralized purchasing agency, the proof of the efficiency is definitely pointed out by a comparison of the purchasing cost per purchase dollar as compared to our average saving per purchase dollar which amounts, to say the least, at approximately 10 cents per purchase dollar.

STATEMENT OF REQUISITIONS RECEIVED, PURCHASE ORDERS ISSUED, TOTAL PURCHASES AND PURCHASING DEPARTMENT EXPENSE

	1925-1926	1926-1927	1927-1928	1928-1929	1929-1930
Requisitions Received	5,896	6,589	6,635	7,732	6,607
Purchase Orders Issued	12,423	13,230	14,779	14,644	13,913
Total Purchases	\$1,074,526.55	\$1,316,669.02	\$1,345,121.26	\$1,609,235.90	\$1,929,466.57
Purchasing Department Expense	\$ 13,793.24	\$ 14,292.52	\$ 13,977.09	\$ 15,392.37	\$ 17,274.88
Purchasing Expense per Purchase Dollar	\$.0127	\$.0108	\$.0103	\$.0104	\$.0111
Average Amount of Each Order	\$ 86.494	\$ 96.545	\$ 85.623	\$ 102.905	\$ 125.511
Number of Institutions	14	14	15	16	16
Number of Departments	43	48	45	48	46

In 1925-26, the average amount of each purchase order issued was \$86.494, while for the fiscal year ending June 30, 1930, the average amount of each order was \$125.511. This is indicative of the progress that is being made

toward volume buying. It is our policy at all times to either purchase or contract for our known maximum requirements, and wherever possible to issue but one order for certain supplies required during the contract period.

During the past two years we have endeavored to enforce strict adherence to the law which relates to the quarterly requisitioning of supplies. When this is done, the result is a reduction in requisitions received, purchase orders issued and claims to be approved. The table illustrates that considerable success has been attained in this respect.

VOLUME BUYING

In order to make our business sought by legitimate bidders, it is necessary to buy in large quantities wherever possible. Certain commodities are purchased but once a year and in this way we have a large volume to present on our calls for bids. The result is that bidders can well afford very close prices on the great volume, and though their percentage of profit on each dollar is quite small, nevertheless their profit on the whole is remunerative to the extent that such low prices can be maintained from year to year.

Some of the items which are purchased or contracted for but once a year are: Drygoods, Clothing, Shoes, Rubber Footwear, Printing, Engravings, Biological Products, Anhydrous Ammonia, Coal, Soap, Laundry Supplies, Cleansing and Washing Powders, Janitor Supplies, Automobiles, Trucks, Tractors, Road Building Equipment, Road Oil, Snow Fence, Anti-Freeze Solution, License Plate Steel, License Plate Enamels, Thread, Blankets, Carbon Paper, Typewriter Ribbons, Toilet Paper, Paper Towels, Fresh Meat, Canned Fruits and Vegetables, Canned Sea Food, Dried Fruit, Navy Beans, Rice and Rolled Oats. Many of the above items move in carload shipments to some central point for distribution to adjacent institutions. The freight saving so effected is substantial.

CARLOAD PURCHASES

Our carload purchases during the past year were as follows:

Coal	570	Trucks	7
Soap	1	Tractors	4
Washing Sodas	1	Beans	2
Road Oil	260	Salt	1
Snow Fence	21	Syrup	1
Road Equipment	12	Grain	10
License Plate Steel	2	Hay	4
Toilet Paper and Paper Towels	2	Beds	1
Canned Goods	4	Lime	1
Dried Fruit	1	Sugar	1
Route Markers	1	Cement	11
Ceramic Pipe	1	Lumber	7
School Furniture	1	Shingles	1
Steel Posts	3	Rolled Oats	1
Grader Blades	3	Steel Wire	1
Rice	1		
Flour	10		53
			894
	894		947

ESTIMATED GROUP SAVINGS

The past fiscal year having been the one in which we achieved the greatest savings, by volume buying, there is shown below the value of certain commodities purchased, the approximate percentage of savings and the approximate amount saved, as compared to the piece-meal buying by each institution or department which was done before the inauguration of the centralized purchasing agency.

FOR SIXTEEN INSTITUTIONS

July 1, 1929, to July 1, 1930

Commodity	Total Purchases	Estimated Saving	Estimated Per Cent
Books and Binding	\$ 23,854.01	\$ 1,192.70	5
Coal	121,393.33	12,139.33	10
Drugs, Chemicals, Laboratory Supplies	31,016.77	3,101.67	10
Dry Goods, Clothing and Shoes	71,642.80	14,328.16	20
Foodstuffs	257,322.14	18,012.54	7
Hardware and Plumbing Supplies	52,275.60	5,227.56	10
Lumber and Building Materials	34,876.81	3,487.68	10
Machinery and Equipment	128,537.56	25,707.51	20
Stationery, Office Supplies and Printing	45,305.75	13,591.72	30
Stock Feed	73,145.00	3,657.25	5
All Other	167,058.27	3,341.16	2
Total	\$1,006,428.04	\$103,787.28	Avg. 10.312

SPECIFIC SAVINGS

PRINTING. The specifications which we adopted July 1, 1925, and have improved upon since, has been responsible for reduction in printing and office supply costs for the Legislative, Judicial and Executive Departments at the Capitol as illustrated by the following schedule:

PRINTING AND OFFICE SUPPLY COSTS

1924-1925.....	\$102,702.40	1927-1928.....	\$ 47,887.87
1925-1926.....	40,536.83	1928-1929.....	66,945.11
1926-1927.....	61,572.92	1929-1930.....	34,336.79

It is pointed out that the above figures are comparable in periods of alternate years for the reason that the period during which the legislature meets and all biennial reports are prepared, the cost of printing is necessarily greater than during a period between legislative years. As an example the period of 1924-1925 should be compared with the period of 1926-1927.

This office has paid for legal publications in many instances at much less cost than the maximum provided in Sec. 276, R.C.M. 1921. Such a saving was effected by calling for bids from various publishers in the county where the publication was to be made. In this respect we have been hampered by the law governing the sale of State lands, Section 73 of 1927 Session Laws, which requires that the notice of sale shall be published in the official county paper of the county where the sale is to be held. This precludes competitive bidding on such publications.

COAL. The purchase of coal on a certified analysis basis has resulted in the following low costs of coal being obtained. Our consumption of coal amounts to approximately 30,000 tons per year. Our cost on coal, f.o.b. cars at destination, is shown for the points of largest consumption, for the current contract period:

Institution Point	Size of Coal	Price Per Ton
Bozeman.....	1" Screenings	\$2.80
Boulder.....	1 $\frac{1}{4}$ " to 1 $\frac{1}{2}$ " Nut Run	3.94
Helena.....	1 $\frac{1}{4}$ " to 1 $\frac{1}{2}$ " Nut Run	3.36
Warm Springs.....	1 $\frac{1}{4}$ " to 1 $\frac{1}{2}$ " Nut Run	3.64
Deer Lodge.....	1 $\frac{1}{4}$ " to 1 $\frac{1}{2}$ " Nut Run	3.60
Missoula.....	1" Screenings	4.05

This department has in the past five years, with the splendid cooperation of the Board of Railroad Commissioners and their rate expert, Mr. H. B. Schaeffer, received reductions in coal freight rates to several institution points. The situation which prevailed prior to July 1st, 1925, was that owing to the lack of favorable through rates from the Roundup field to points on the Northern Pacific railway where our larger institutions are located, it was necessary to purchase coal which originated on the N. P. in Montana or else purchase coal mined in Wyoming from where through rates applied to institution points. Application was made for through rates from Roundup to certain points, and these were made effective Sept. 5th, 1925, on the basis of \$3.04 per ton from Roundup to Warm Springs and Galen on slack coal. There had been no through rate from Roundup to Dillon, Montana, and as a consequence Wyoming coal was being used there due to more favorable freight rates which existed from Rock Springs, Wyoming, to Dillon via the Union Pacific. On Sept. 1, 1926, a through rate was provided from Roundup to Dillon. This caused our cost of coal for State Normal college to be 45c per ton less than previously. This makes a saving of approximately \$500.00 per year. At that time we were also able to obtain a through rate from Roundup to Twin Bridges, which is 45c per ton less than the rate previously in effect. The yearly tonnage for the State Orphans' Home is approximately fourteen hundred tons, or a saving of \$784.00. Further pressure was brought to bear upon the Northern Pacific railway with regard to the rate from Roundup to Warm Springs, and on Sept. 25, 1930, another reduction of 34c per ton was made. This means an additional saving of approximately \$2,500.00 per year to the Montana State Hospital.

With respect to the above rates, it is pointed out that the reason for desired decreases from the Roundup field was that there was insufficient slack tonnage available along the line of the Northern Pacific railway to meet our requirements and therefore it was necessary for us to look to other sources of supply.

A PROPRIETARY MEDICINE. This item prior to July 1st, 1925, was being purchased at 85 cents per ampoule. We have by direct dealings with the manufacturer been able to reduce the price of this to 22 cents per ampoule. The use of this amounts to approximately four hundred ampoules per year, which reflects a saving of \$252.00.

DESSERT PREPARATIONS. The wholesale price on a certain dessert preparation was and still is \$6.00 per case. We have been successful by combining our requirements to purchase this at \$4.98 per case. This means an economy of approximately \$100.00 per year.

TIRES AND TUBES. By contracting with manufacturers for our yearly requirements of tires and tubes, we have been able to obtain an average discount of approximately 35%. Purchases of this nature during the past year amounted to about \$14,000.00 on which our discount amounted to \$4,-

900.00. In addition to this our current contract provides that transportation charges on these are prepaid to whatever point at which they are required.

SNOW FENCE. During September, 1930, we purchased approximately 233,000 feet of snow fence at a price of .05172 per foot f.o.b. nearest railroad station to point of erection. This snow fence was of the quality to meet government specifications, being made up of double coated galvanized wire and No. 1 laths. Most of the snow fence sold to counties is of single coated wire and No. 2 laths. The great volume of this purchase, as compared to former years, resulted in a bidder establishing a factory in Montana, and he with lowered transportation costs, was able to bid such an attractive price. His bid was approximately \$1,800.00 less than the next lowest. The price paid for snow fence in 1928 was .0795 per foot and in 1929, .0779 per foot.

GRADER BLADES. Exhaustive tests at Montana State College, Bozeman, have shown which manufacturer's blade is the best for the price, and by purchasing these in carload lots we were able to make a saving of 19½%. During the past year our grader blade purchases amounted to \$10,534.52.

AUTOMOBILES. We enjoy discounts on these ranging from 7% to 15%. A fair average would be 10%. The estimated yearly saving thereby is approximately \$1,200.00.

TRUCKS. On this class of equipment we are obtaining an average discount of 15%. This percentage of our yearly purchases would amount to approximately \$15,000.00.

ROAD BUILDING EQUIPMENT. On graders we have obtained a discount of 17½% on the past year's purchases. This meant a saving of approximately \$5,700.00; also a further saving based on highest minimum carload freight rate. On tractors the manufacturers have strictly maintained a suggested selling price. Notwithstanding this we can show a saving by having purchased our requirements f.o.b. destination on basis of maximum carload freight rate. This meant a freight differential of 22 cents per hundred pounds, or \$176.00 on four tractors.

ROAD OIL. The price on road oil is apparently very evenly maintained by those producing an oil which will meet our specifications. However, in connection with the bids on this commodity during the past year, certain competition resulted in a freight rate advantage of 36c per barrel on all oil which was shipped from North Pacific Coast points. This saving amounted to \$468.00.

ANTI-FREEZE SOLUTION. This has been bought for 10% under the usual rigidly maintained wholesale selling price. Such a discount means a saving of about \$200.00 on our yearly requirements.

WASHING AND CLEANSING POWDERS. Requirements of all institutions were consolidated at the time of last purchase and a minimum carload of 40,000 pounds was bought. This meant a saving to the institution at point of carload delivery of \$1.17 per cwt., on their tonnage of 19,400 pounds or \$226.28. The saving for this and all other institutions involved amounted to about \$400.00.

LUBRICATING OILS. During March, 1930, we called for bids on all our lubricating oil and gasoline requirements for the year commencing April

1st, 1930. While no advantage was obtained concerning gasoline, we succeeded with reference to our lubricating oil requirements to the extent of 5c per gallon less than the usual carload delivered price. The price we obtained includes delivery to any point required.

HIGHWAY PURCHASES

On Page 7 there is a table representing highway purchases from which it will be noted that this volume has increased from \$207,930.06 for the 1926-1927 period to \$736,988.56 for the fiscal year ending June 30th, 1930. Below is a detailed statement of purchases made for the State Highway Commission during the period from July 1st, 1929 to July 1st, 1930:

Commodity	Total Purchases	Estimated Saving	Per Cent
Snow Fence	\$ 6,292.39	\$ 629.23	10.
Grader Blades	10,534.52	2,054.23	19.5
Tires and Tubes	12,244.27	4,285.49	35.
Automobiles	7,418.55	741.85	10.
Trucks	103,585.85	15,537.87	15.
Graders and Tractors	124,631.96	5,700.00	4.57
Miscellaneous Equipment	8,013.02	301.32	10.
Road Oil	164,811.33	468.00	.283
Hardware and Small Tools	12,008.32	1,200.83	10.
Engineering Supplies and Equipment	8,645.91	864.59	10.
All Other	95,670.48	1,913.40	2.
Total	\$553,776.60	\$34,196.81	Avg. 6.175

In addition to the above total, the emergency field purchases of the Highway Commission amounted to \$183,211.96, on which we made an estimated saving of 2%, or approximately \$3,664.22.

At the last session of the legislature, we asked for an additional clerk to handle highway purchases. This was granted with the provision that the salary of this clerk be paid from the Highway Fund. At the time the request was made we stated that the number of purchase orders for the Highway Commission was then approximately 1300 per year. For the year just closed the number of orders issued by us for the Highway Commission was 1929 or an increase of nearly 50%. With the additional help it has been possible for us to give particular attention to this very important part of our work. Our clerk has been able to work very closely with the Highway Commission's staff, which has resulted in a keen understanding of their requirements. The State Highway Commissioners, Chief Engineer Rader, Maintenance Engineer Newland, Testing Engineer Mason, Chief Accountant Maloney and all others connected with the commission have given us the very best of cooperation.

CONCRETE EXAMPLES OF ECONOMIES EFFECTED

To review our purchases for the past several years and point out each specific saving would entail a great amount of time and space, but to furnish some indication of the accomplishment in this respect, I am presenting below a table compiled from requisitions and purchase orders taken at random during the past six months:

Item	Purchase Price Suggested on Requisition	Price At Which Purchased	Amount of Saving
Wire Fence and Steel Posts	\$1,153.89	\$1,097.19	856.70
Double Deck Bends	680.40	613.80	66.60
Calculating Machine	350.00	315.00	35.00
Garbage Cans	131.25	111.75	19.50
Black Leaf 40	47.40	40.00	7.40
Floor Paint	16.25	14.25	2.00
Photo Supplies	17.65	13.72	3.93
Paint	10.65	7.50	3.15
Copy Holder	27.00	22.50	4.50
Floor Coverings	49.10	38.37	10.73
Cod Liver Oil	7.50	5.00	2.50
Barn Paint	152.25	134.15	18.10
Fire Extinguishers	75.00	64.80	10.20
Portable Mimeograph	54.00	50.00	4.00
Calculating Machine	225.00	202.50	22.50
Mimeograph	315.00	283.50	31.50
Ammonia	21.60	16.40	5.20
Carbon Paper	75.00	50.00	25.00

Figures shown above are those paid for the exact article requisitioned, except in the case of paint and carbon paper. In these cases an equivalent or better quality was purchased.

SAVINGS BY SUBSTITUTION

Many times we receive requisitions for an article of a certain brand, trade name or manufacture for which there is a substitute of equivalent quality. Savings in this respect can only be made as the result of buying experience. Suggestions are made to the department or institution making the requisition and usually we receive their sanction to order the substitute at a less cost.

Not long ago we had a requisition for 160,000 printed cards, which was accompanied by a sample indicating the card they desired. After considering the purpose for which the card was intended, we decided to use a less expensive stock. The job as printed cost \$151.50. The cost of the job printed on stock as per sample would have been \$245.00.

Prior to July 1st, 1925, a certain cleaning powder bearing a trade name was being purchased at a cost of 19c per pound. We had an analysis of this preparation made at Montana State College and found that it actually was Tri-Sodium-Phosphate, colored. Thereafter, we purchased Tri-Sodium-Phosphate at a cost of 7c per pound.

SPECIFICATIONS

To obtain the best results from competitive bidding it is necessary that our call for bids carry such specifications as will identify the articles we wish to purchase as definitely as possible with respect to quality, etc., without the insistence of any certain brand or trade name. The preparation of such specifications entails considerable time.

We have provided a card index system which includes a card for each article we buy, the total of these cards running into the thousand, and whenever the time is at our disposal, we complete specifications thoroughly indicative of the quality we demand. These are Flour, Drygoods, Shoes, Canned Goods, Dried Fruit, License Plate Steel, Road Oil, Snow Fence, Wire, Soap Chips, Beans, Brooms, Disinfectants, Beds, Highway Route Markers, Grain, and many others of lesser importance. By the elimination of brands or trade names, manufacturers are enabled to bid on items which they can produce to meet our specifications, and due to this, lower prices are obtained. In the case of flour, our specification is similar to that used by the best bakers, viz: minimum protein 11½%, maximum ash, .45%. We buy this quality at considerably less per barrel than the price which applies on millers' trade name flour of equal grade.

VARIETY OF PURCHASES

We are called upon to purchase thousands of various items which come under group headings as follows: Groceries; Canned Goods; Dried Fruits; Fresh Fruits and Vegetables; Candy, Nuts and Ice Cream; Hams, Bacons, Butter, Eggs and Cheese; Fresh Meats, Sausage, Lard, Compound and Tallow; Lumber, Cement, Lime, Plaster, Brick, Tile, Sand and Gravel; Hardware; Furniture, Office, School and Residence; Kitchen Equipment, Cooking Utensils and Dishes; Rugs, Carpets and Linoleum; Clothing for Men, Women and Children; Chemicals; Car Seals; Shoes and Rubber Footwear; Ginghams, Denims, Flannels, Duck, Cadet Cloth and Muslin by the bolt; Miscellaneous Dry Goods; Fire works; Telephones; Cattle, Horses, Sheep, Goats, Hogs, Chickens, Turkeys and Geese; Hay and Grain; Dairy and Poultry Feed; Field, Flower and Garden Seeds; Agricultural Implements; Wagons and Bobsleds; Harness; Milking Machines and Cream Separators; Fire Prevention Apparatus; Baby Buggies and High Chairs; Silverware; Leather and Shoe Shop Supplies; Linotype; Printing, Stationery, Office Supplies and Engravings; Paints, Varnishes and Spraying Machines; Teas, Coffee, Postum and Spices; Pianos, Phonograph and other Musical Instruments; Photographic Supplies; Tobacco and Snuff; Hospital Supplies, including quartz and sun lamps, surgical instruments, beds and bedding; Electrical Fixtures and Lamps; Electric Motors and Transformers; Diplomas and Cases; Steam and Hot Water Radiation; Waste and Wiping Rags; Stoves and Ranges; Barber Supplies; Refrigerators, Ice Machines and Water Coolers; Biological Products; Scientific Apparatus; Books, Periodicals and Newspapers; Sacks and Bags; Safes and Vaults; Typewriters, Adding and Calculating Machines; Tractors; Automobiles and Trucks; Snow Plows; Tires, Tubes and Chains; Graders; Oil Distributors; Street Sweepers; Auto Shop Equipment, Acetylene and Oxygen; Engineering Equipment; Route Markers; Tents and Camp Equipment; Gasoline and Oil; Air Compressors and Rock Drills; Snow Fence; Class Room Specimens, viz: human skeletons, frogs, rabbits, guinea pigs, crayfish; Geological Specimens; Drugs; Dental Equipment and Supplies; Hair Driers; Elevators and Dumbwaiters; Rope and Cable; Vacuum Cleaners; Brooms and Brushes; Disinfectants; Paper Towels and Toilet Paper; Floor Wax and Oils; Furniture Polish; Mop Pails; Athletic Equipment such as basketballs, footballs, baseballs, boxing gloves, wrestling mats and athletic suits; Boilers and Stokers; Pumps and Packing; Pipe and Fittings; Tooth Brushes and Tooth Paste; Soaps, toilet, bath and

laundry; Laundry Equipment and Supplies; Straight Jackets; Fuel, viz: coal, gas, wood and electricity; Medals and Trophies; Rodent Poison; Narcotics; Sewing Machines, Thread, Needles and Thimbles; License Plate Equipment; License Plate Steel, Enamels, Envelopes; Garment Factory Equipment; Guns and Ammunition; Scales.

POLICIES ADOPTED

For the economical administration of the department we have seen fit to adopt certain policies with respect to the privileges of institution and department heads. In 1925 we eliminated to the maximum extent the use of emergency purchase orders. These are purchase orders issued by institutions for such items as they require upon short notice due to some emergency. To take the place of these, and still not hamper the institutional activities we ask that they purchase at best price the item or items they need immediately and afterward submit to us a confirming requisition showing detailed description and cost of the items. Such requisitions are checked by us as to prices paid and whenever prices appear unreasonable we communicate with either the institution head or the vendor, to the end that the prices are modified or that we are allowed to replace the articles so obtained.

We have forbidden the use of coupon books of all descriptions. In years past these were used for gasoline, ice, typewriter ribbons, carbon paper and other items. We feel that the use of such coupon books might lead to misappropriation of the article or articles received in lieu of the coupons. Moreover, the use of coupons does not enable us to maintain an accurate check on the prices paid.

This department was in a certain degree responsible for the elimination of railroad mileage books and substituting therefor Transportation Requests which cannot be used by anyone other than a State employe on official business. As the matter now stands there is an order of the Board of Examiners prohibiting the use of mileage books. I would recommend that a law be passed prohibiting the use of mileage books by State employes.

OFFICE RECORDS

A card index record of prices on various commodities is maintained; also a card index system of all printed forms to the end that we can ascertain within a moment the price last paid for a particular item or form, thereby enabling us to decide whether or not the bid price is within reason or obviously an error. Such a price record is invaluable to a buyer. As an illustration of this, a certain quality of toweling was bought at 17½c per yard as the result of competitive bidding. When this item was up for bids again the same bidder quoted .2185 per yard or an advance of .0435 per yard, notwithstanding the fact that the market had declined about 1½c per yard in the meantime. We chose a substitute at 17½c per yard, this price being 2 cents per yard less than it was quoted at the previous letting. We have a card index of all orders issued, showing date, order number, for what institution, nature of supplies, cost, etc. This provides us with readily accessible information regarding source of supply, volume of any certain commodity for a given period, etc. We have a file of about eight hundred catalogues.

Bids are tabulated and filed in such a way that any interested bidder can be given complete information with a moment's time concerning bids submitted in the past.

THE RETENTION OF SAMPLES

Section 7, Chapter 66, Session Laws of 1923, provides that bids shall be accompanied by samples, a part thereof to be sent to the institution for which the material is purchased, the other portion to be retained in our office at the Capitol. Facilities for the retention of all samples at our office do not exist. We actually have insufficient space for the force employed or for the proper filing of records. As we are now situated, we have three office rooms, two of them very small, a small storage room on the main floor and another small storage room in the basement. These storage rooms are filled to their capacity. We have four clerks working in one room, the ventilation and light for whom is through one window. This condition is not conducive to maximum efficiency and is derogatory from a health standpoint. We have no space that can be set aside for the display of samples nor have we a room which can be utilized for the opening of bids when several bidders are present. We have been compelled, in the case of large bids, to carry all samples to the senate chamber and inspect them there. In the case of our yearly dry goods bid there are from seven hundred to one thousand samples to inspect. This illustrates the inconvenience of not having suitable space for such an occasion. This department, to properly carry on the work, which becomes greater each year, must have larger quarters. We have endeavored to exchange quarters with other departments in the building, but have found no one who is willing to accommodate us.

CO-OPERATION WITH OTHER AGENCIES

I have visited the purchasing agencies for the states of Washington and Oregon. We have exchanged ideas and specification forms with other state purchasing departments. Recently, through Chancellor Brannon's office, we have become affiliated with the Educational Buyers' Association, by which we are able to purchase several items for units of the Greater University at particularly low cost. As an example of this, we are saving 50 cents per box on carbon paper. On industrial alcohol the advantage so obtained amounts to 18 cents per gallon. This now costs us 83 cents per gallon f. o. b. any Montana point.

BENEFITS OF CENTRALIZED PURCHASING

While the cost of the department is trivial compared to the savings made, there are other features to be considered. One of which is that were the institutions and departments to conduct their buying as was done before the creation of the purchasing department, a part or the entire time of one person would be required for each institution, together with additional office supply and postage expense. The sum of the labor and supply costs so involved would be much more than the cost of the purchasing department. Aside from this there is a feature not generally recognized which is the tendency for some, if funds and permission were available, to purchase certain things which they could do without. When it becomes necessary to prepare a requisition, wait a considerable time for the item wanted, etc., the conclusion is sometimes made that it could be gotten at some later date, perhaps never. This information comes to us from a department head at one of our largest institutions.

RECOMMENDATIONS

From the years 1921 until 1925 all departments or institutions desiring equipment requisitioned same through the Purchasing Department and at that time the judgment of the Purchasing Agent was final. In 1925 the Legislature passed Chapter 17 which provides that all equipment items must be submitted to the Board of Examiners for their approval before the purchase is made. We have considerable trouble in this connection due to the fact that some of the department heads picked out a particular kind of automobile or other equipment they desired, regardless of the discount we could obtain on similar equipment, and asked the Board of Examiners to approve same. This does not give the purchasing department an opportunity to make the saving that could be made on similar items. I would recommend that the law provide that the requisition shall first be approved by the State Purchasing Agent. I would further recommend that a list of equipment desired by institutions and departments be furnished the Appropriation Committee and that a list of same, as approved, be made in triplicate. One copy of the approved list to be furnished the purchasing department, one copy to Board of Examiners and the third copy for the institution or department. In the past neither this department nor the Board of Examiners had knowledge or record showing the equipment approved for any institution or department. Consequently we have not known whether the equipment requisitioned was the same as the legislature intended to provide for.

We are submitting our budget for the years 1930-1931 and 1931-1932 which carry a requested increase in appropriation. We are obliged to ask for this increase in view of the additional work which we will have by reason of an augmented highway construction program, the maintenance of the mileage completed since July 1, 1929, and the increased buying which will be brought about by the distribution of the 3-mill levy and the \$3,000,000.00 bond issue.

Below is a statement of appropriations made for the Purchasing Department since its inception and the actual expense. From this it will be seen that our expenditures have always been within our appropriation, also that appropriations for this department have been greatly decreased. The current appropriation for our department is \$7,735.00 less than it was during the year 1922-1923.

Period	Amount Appropriated	Amount Expended
To 6/30/21 (3 months)	\$ 3,947.44	\$ 3,240.13
1921-1922	21,052.56	15,391.76
1922-1923	25,000.00	21,366.36
1923-1924	16,450.00	14,756.27
1924-1925	16,450.00	15,610.35
1925-1926	15,000.00	13,739.24
1926-1927	15,000.00	14,292.52
1927-1928	15,000.00	13,977.09
1928-1929	15,000.00	15,392.27
1929-1930	17,265.00	17,274.88

REPORT ON TANNERY

Chapter 173, 1929 Session Laws, authorized the State Board of Prison Commissioners to establish a tannery at the Montana State Prison, at a cost not to exceed \$8,000.00. At the request of the Board, Warden Middleton of the

Prison and I visited several tanneries in Washington and Oregon; also the tannery at Washington State Penitentiary, Walla Walla. We obtained accurate information regarding methods and costs of tanning, investment required, etc. It was our finding and report that a tannery could not be profitably operated at the Montana State Prison.

CONCLUSION

In closing this report I wish to thank the heads of all institutions, boards, departments and commissions who have co-operated with us. I also wish to especially make known my appreciation and attest the valuable assistance given this department by the laboratories of the State Highway Commission and Montana State College.

